

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-01651B
Vail Water Company
1010 N. Finance Center Dr., Ste 200
Tucson, AZ 85710

RECEIVED

APR 03 2006

Z Corporation Commissic
Director of Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2005
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FOR COMMISSION USE

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Entered
4-4-06
RF

COMPANY INFORMATION

Company Name (Business Name) <u>VAIL WATER COMPANY, INC.</u>		
Mailing Address <u>1010 N. Finance Center Dr, Ste 200</u>		
<u>TUCSON</u> (City)	<u>AZ</u> (State)	<u>85710</u> (Zip)
<u>520-571-1958</u> Telephone No. (Include Area Code)	<u>520-571-1961</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)
Email Address _____		
Local Office Mailing Address <u>1010 N. FINANCE CENTER DRIVE</u>		
<u>TUCSON</u> (City)	<u>AZ</u> (State)	<u>85710</u> (Zip)
<u>520-571-1958</u> Local Office Telephone No. (Include Area Code)	<u>520-517-1961</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)
Email Address _____		

MANAGEMENT INFORMATION

Management Contact: <u>CHRISTOPHER VOLPE</u>		<u>Vice President/Treasurer</u>	
<u>1010 N. FINANCE CENTER DRIVE</u> (Street)	<u>TUCSON</u> (City)	<u>AZ</u> (State)	<u>85710</u> (Zip)
<u>520-571-1958</u> Telephone No (Include Area Code)	<u>520-571-1961</u> Fax No. (Include Area Code)	 Pager/Cell No (Include Area Code)	
Email Address <u>KVOLPE@ESTESCO.NET</u>			
On Site Manager: <u>Manny Oros</u>			
<u>(Name)</u>			
<u>13955 E. COLOSSAL CAVE RD.</u> (Street)	<u>VAIL</u> (City)	<u>AZ</u> (State)	<u>85641</u> (Zip)
<u>520-647-3679</u> Telephone No (Include Area Code)	<u>520-647-3825</u> Fax No. (Include Area Code)	<u>520-730-4730</u> Pager/Cell No (Include Area Code)	
Email Address <u>operator@vailwater.com</u>			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: LINDA YANEY

1010 N. FINANCE CENTER DRIVE
(Street)

(Name)
TUCSON
(City)

(Title)
AZ
(State)

85710
(Zip)

520-571-1958

Telephone No (Include Area Code)

520-571-1961

Fax No. (Include Area Code)

Pager/Cell No (Include Area Code)

Email Address LYANEY@ESTESCO.NET

Attorney: RICHARD SALLQUIST

(Name)

2525 E. ARIZONA BILTMORE CIRCLE SUITE 117
(Street)

PHOENIX
(City)

AZ
(State)

85016
(Zip)

602-224-9222

Telephone No (Include Area Code)

602-224-9366

Fax No. (Include Area Code)

Pager/Cell No (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☒ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☒ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			-
302	Franchises			-
303	Land and Land Rights	11,000		11,000
304	Structures and Improvements	132,433	50,889	81,544
307	Wells and Springs	1,065,583	222,319	843,264
311	Pumping Equipment	1,305,700	263,194	1,042,506
320	Water Treatment Equipment			-
330	Distribution Reservoirs and Standpipes	983,172	143,431	839,741
331	Transmissions and Distribution Mains	10,149,443	971,142	9,178,301
333	Services	12,451	12,451	-
334	Meters and Meter Installations	808,973	86,531	722,442
335	Hydrants			-
336	Backflow Prevention Devices	5,067	5,067	-
339	Other Plant and Misc. Equipment	6,553	6,553	-
340	Office Furniture and Equipment	41,947	13,796	28,151
341	Transportation Equipment	51,857	22,901	28,956
343	Tools, Shop and Garage Equipment			-
344	Laboratory Equipment			-
345	Power Operated Equipment			-
346	Communication Equipment			-
347	Miscellaneous Equipment			-
348	Other Tangible Plant			-
	TOTALS	14,574,179	1,798,274	12,775,905

This amount goes on the Balance Sheet Acct. No. 108



CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1 x 2)
301	Organization			
302	Franchises			
303	Land and Land Rights	11,000		-
304	Structures and Improvements	132,433	2.80%	3,708
307	Wells and Springs	1,065,583	3.20%	34,099
311	Pumping Equipment	1,305,700	3.60%	47,005
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	983,172	2.00%	19,663
331	Transmissions and Distribution Mains	10,149,443	2.00%	202,989
333	Services	12,451	3.30%	-
334	Meters and Meter Installations	808,973	3.60%	29,123
335	Hydrants			
336	Backflow Prevention Devices	5,067	3.60%	-
339	Other Plant and Misc. Equipment	6,553	3.60%	-
340	Office Furniture and Equipment	41,947	6.80%	2,852
341	Transportation Equipment	51,857	13.30%	6,897
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	14,574,179		346,337

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.



BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 795,624	\$ 673,698
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	158,409	172,315
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments	18,720	10,798
174	Miscellaneous Current and Accrued Assets	38,335	85,031
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 1,011,088	\$ 941,842
	FIXED ASSETS		
101	Utility Plant in Service	\$ 11,490,103	\$ 14,574,179
103	Property Held for Future Use		
105	Construction Work in Progress	102,015	18,615
108	Accumulated Depreciation - Utility Plant	(1,470,575)	(1,798,274)
121	Non-Utility Property	1,704,626	2,872,915
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 11,826,169	\$ 15,667,435
	TOTAL ASSETS	\$ 12,837,257	\$ 16,609,277

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 122,265	\$ 132,711
232	Notes Payable (Current Portion)	30,000	36,000
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	679,809	1,024,428
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	267,000	427,235
	TOTAL CURRENT LIABILITIES	\$ 1,099,074	\$ 1,620,374
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 460,840	\$ 419,449
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ -	\$ -
252	Advances in Aid of Construction	7,664,571	10,214,943
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 7,664,571	\$ 10,214,943
	TOTAL LIABILITIES	\$ 9,224,485	\$ 12,254,766
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 638,099	\$ 638,099
211	Paid in Capital in Excess of Par Value	2,267,825	2,445,314
215	Retained Earnings	706,848	1,271,098
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 3,612,772	\$ 4,354,511
	TOTAL LIABILITIES AND CAPITAL	\$ 12,837,257	\$ 16,609,277

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
	OPERATING REVENUES		
461	Metered Water Revenue	\$ 1,239,737	\$ 1,565,687
460	Unmetered Water Revenue		
474	Other Water Revenues	859,735	1,147,771
	TOTAL REVENUES	\$ 2,099,472	\$ 2,713,458
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 244,169	\$ 243,762
610	Purchased Water	25,152	11,004
615	Purchased Power	102,440	133,443
618	Chemicals	872	355
620	Repairs and Maintenance	49,495	82,673
621	Office Supplies and Expense	51,182	59,637
630	Outside Services	242,496	396,110
635	Water Testing	2,483	9,324
641	Rents	20,257	24,826
650	Transportation Expenses	14,081	19,783
657	Insurance - General Liability	34,016	33,357
659	Insurance - Health and Life	13,326	32,061
666	Regulatory Commission Expense - Rate Case	11,013	18,781
675	Miscellaneous Expense	85,043	166,753
403	Depreciation Expense	268,924	346,337
408	Taxes Other Than Income		
408.11	Property Taxes	54,427	118,651
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 1,219,376	\$ 1,696,857
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ 15,802	\$ 57,673
421	Non-Utility Income	97,130	60,771
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(24,144)	(20,795)
	TOTAL OTHER INCOME/EXPENSE	\$ 88,788	\$ 97,649
	NET INCOME/(LOSS)	\$ 968,884	\$ 1,114,250

COMPANY NAME	Vail Water Company	2005
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WATER COMPANY PLANT DESCRIPTION

WELLS

	ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
3	55-623703	75	350	396'/614'	16"/12"	8"	1974
6	55-087817	200	700	759'	14"	8"	1981
8	55-087816	300	1200	845'	14"	10"	1981
5	55-087814	300	975	924'	14"	8"	1981

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
10	3	335	
20	3		
25	4		
30	7		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
100,000	2	1000	1
500,000	1	3000	1
600,000	1	5000	8
290,000	1	6000	1

WATER COMPANY PLANT DESCRIPTION (CONTINUED)**MAINS**

Size (in inches)	Material	Length (in feet)
2		4,555.2
3		
4		53,137.8
5		
6		140,635
8		131,141
10		16,309.9
12		98,561

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	3,082
3/4	54
1	15
1 1/2	12
2	26
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	
3"	14
	3203

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

Accu-tab tablet chlorinator
system with a residual of calcium

STRUCTURES:

N/A

OTHER:

N/A

WATER USE DATA SHEET BY MONTH FOR CALENDER YEAR 2005

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)
JANUARY	2,297	12,882	14,304
FEBRUARY	2,393	12,069	13,835
MARCH	2,496	17,761	21,032
APRIL	2,597	21,169	35,597
MAY	2,700	27,098	32,202
JUNE	2,774	25,579	40,789
JULY	2,913	29,848	50,567
AUGUST	3,004	20,705	21,342
SEPTEMBER	3,078	24,036	26,242
OCTOBER	3,133	20,081	34,493
NOVEMBER	3,160	22,463	23,279
DECEMBER	3,203	20,810	21,785
TOTAL		N/A	335,467

251,501

Is the Water Utility located in an ADWR Active Management Area (AMA)?

(☒) Yes () No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

(☒) Yes () No

If yes, provide the GPCPD amount:

122 pppd

What is the level of arsenic for each well in your system.

(If more than one well, please list each separately)

	Well 1 mg/l
	Well 2
.0021	Well 3
	Well 4
.1018	Well 5
.0017	Well 6
	Well 7
.0020	Well 8
	Well 9

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME VAIL WATER COMPANY YEAR ENDING 12/31/2005

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 74,846

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

Account

7000003

VAIL WATER COMPANY
 2000
 1600 FARMERS CENTER DR
 TUCKER, AL 35703
 (205) 871-1330

PAY TO THE ORDER OF Automated Transfer Service \$179.30

One Hundred Seventy-Nine and 30/100 DOLLARS

MEMO Automated Transfer Service
 1788 S 2nd St
 Tusculum, AL 35703-1994

0000454* 41221055564 700-000-34 0000017930

Check 6454, Date 4/29/2005, Amount \$179.30

VAIL WATER COMPANY
 2000
 1600 FARMERS CENTER DR
 TUCKER, AL 35703
 (205) 871-1330

PAY TO THE ORDER OF BSE Inc \$25,000.00

Twenty Five Thousand and 00/100 DOLLARS

MEMO BSE Inc
 5151 N. Broadway
 Suite 200
 Tusculum, AL 35711

0000454* 41221055564 700-000-34 0000250000

Check 6457, Date 4/21/2005, Amount \$25,000.00

VAIL WATER COMPANY
 2000
 1600 FARMERS CENTER DR
 TUCKER, AL 35703
 (205) 871-1330

PAY TO THE ORDER OF Cheonghwan \$163.39

One Hundred Sixty-Three and 39/100 DOLLARS

MEMO Cheonghwan
 P.O. Box 3287
 Phenix, AL 35899-0387

0000454* 41221055564 700-000-34 0000016339

Check 6460, Date 4/22/2005, Amount \$163.39

VAIL WATER COMPANY
 2000
 1600 FARMERS CENTER DR
 TUCKER, AL 35703
 (205) 871-1330

PAY TO THE ORDER OF Day View \$135.00

One Hundred Thirty-Five and 00/100 DOLLARS

MEMO Day View Corp
 P.O. Box 1000
 Dumas, CO 81302

0000454* 41221055564 700-000-34 0000013500

Check 6462, Date 4/28/2005, Amount \$135.00

VAIL WATER COMPANY
 2000
 1600 FARMERS CENTER DR
 TUCKER, AL 35703
 (205) 871-1330

PAY TO THE ORDER OF Foreman Oaks \$141.10

One Hundred Forty-One and 10/100 DOLLARS

MEMO Foreman Oaks
 2005 N. Central Ave Ste 2000
 Phenix, AL 35899-0113

0000454* 41221055564 700-000-34 0000014110

Check 6467, Date 4/28/2005, Amount \$141.10

VAIL WATER COMPANY
 2000
 1600 FARMERS CENTER DR
 TUCKER, AL 35703
 (205) 871-1330

PAY TO THE ORDER OF Galsgo \$36.11

Thirty-Six and 11/100 DOLLARS

MEMO Galsgo
 PO Box 47827
 Unit B4 - 6050059
 Kansas City, MO 64104-0287

0000454* 41221055564 700-000-34 0000003611

Check 6469, Date 4/25/2005, Amount \$36.11

VAIL WATER COMPANY
 2000
 1600 FARMERS CENTER DR
 TUCKER, AL 35703
 (205) 871-1330

PAY TO THE ORDER OF Bob Ford, Pine County Treasurer \$31,373.63

Thirty One Thousand Three Hundred Seventy-Three and 63/100 DOLLARS

MEMO Bob Ford, Pine County Treasurer
 Pine County Treasurer's Office
 PO Box 7000
 Phenix, AL 35899-0700

0000454* 41221055564 700-000-34 0000313763

Check 6455, Date 4/26/2005, Amount \$31,373.63

VAIL WATER COMPANY
 2000
 1600 FARMERS CENTER DR
 TUCKER, AL 35703
 (205) 871-1330

PAY TO THE ORDER OF CAP Shop & Service Charge Account \$5,683.50

Five Thousand Six Hundred Eighty-Three and 50/100 DOLLARS

MEMO CAP Shop & Service Charge Account

0000454* 41221055564 700-000-34 0000568350

Check 6458, Date 4/22/2005, Amount \$5,683.50

VAIL WATER COMPANY
 2000
 1600 FARMERS CENTER DR
 TUCKER, AL 35703
 (205) 871-1330

PAY TO THE ORDER OF Chief of the Superior Court \$323.61

Three Hundred Twenty-Three and 61/100 DOLLARS

MEMO Chief of the Superior Court
 CSM
 100 W. Campus
 Tusculum, AL 35708

0000454* 41221055564 700-000-34 0000032361

Check 6461, Date 4/26/2005, Amount \$323.61

VAIL WATER COMPANY
 2000
 1600 FARMERS CENTER DR
 TUCKER, AL 35703
 (205) 871-1330

PAY TO THE ORDER OF Ben Foreman Inc \$721.72

Seven Hundred Twenty-One and 72/100 DOLLARS

MEMO Ben Foreman Inc
 P.O. Box 1000
 S. Lee, MO 63779-0000

0000454* 41221055564 700-000-34 0000072172

Check 6465, Date 4/27/2005, Amount \$721.72

VAIL WATER COMPANY
 2000
 1600 FARMERS CENTER DR
 TUCKER, AL 35703
 (205) 871-1330

PAY TO THE ORDER OF Grant Business Recovery \$89.07

Eighty-Nine and 07/100 DOLLARS

MEMO Grant Business Recovery
 1700 E. Broadway Blvd
 Tusculum, AL 35708

0000454* 41221055564 700-000-34 0000008907

Check 6468, Date 4/25/2005, Amount \$89.07

VAIL WATER COMPANY
 2000
 1600 FARMERS CENTER DR
 TUCKER, AL 35703
 (205) 871-1330

PAY TO THE ORDER OF Howard J. Marshall Service, Jr Trust \$10,000.00

Ten Thousand and 00/100 DOLLARS

MEMO Howard J. Marshall Service, Jr Trust
 2041 N. Lane St
 Chicago, IL 60617

0000454* 41221055564 700-000-34 0000100000

Check 6470, Date 4/25/2005, Amount \$10,000.00

PIMA COUNTY TREASURER'S OFFICE

TAX PAYMENT RECEIPT

Paid Date 10/28/2005

Batch Number I051028169

Paid by Code 01

VAIL WATER COMPANY
1010 N. FINANCE CENTER DR., STE. 200
TUCSON, AZ 85710

Method Amount
CK \$43,472.68

Total Amount Paid \$43,472.68

Total Tax Amount Paid \$43,472.68

Total Interest Amount Paid \$0.00

Total Refund Due \$0.00

PARCEL NUMBER	TAX PAID	INTEREST PAID	TOTAL PAID	PAYMENT TYPE	LEGAL DESCRIPTION
305900930	\$20.87	\$0.00	\$20.87	FIRST HALF	VAIL RANCH LOT 0061
907520000	\$42,685.36	\$0.00	\$42,685.36	FIRST HALF	TOTAL VALUE OF OPERATING PROPERTY - TAXPAYER GROUP NO 075 (ACC 0053195-8)
30504001L	\$541.30	\$0.00	\$541.30	FIRST HALF	IRR PCL SW4 SE4 LYG N OF & ADJ TO COLOSSAL CAVE RD (WELLSITE) .50 AC SEC 10-16-16 (RD 8396/840)
30504001V	\$13.37	\$0.00	\$13.37	FIRST HALF	CTRL PTN W2 NW4 .28 AC SEC 10- 16-16 (11536/1623)
30504001W	\$12.35	\$0.00	\$12.35	FIRST HALF	CTRL PTN S2 NE4 .20 AC SEC 10- 16-16
30512008B	\$17.58	\$0.00	\$17.58	FIRST HALF	SUCCESS 100' X 100' WELLSITE BLK 1 TOTAL VALUE OF OPERATING PROPERTY - TAXPAYER GROUP NO 075 (ACC 0053195-8)
305140110	\$17.58	\$0.00	\$17.58	FIRST HALF	TUCSON PARK NO 1 WELLSITE

Account Number	Value	Other Value	Total Value	Period	Description
30520001C	\$61.64	\$0.00	\$61.64	FIRST HALF	ADJ TO NW LINE OF LOT 2 TOTAL VALUE OF OPERATING PROPERTY-TAXPAYER GROUP NO 075 (ACC 0053195-8) RINCON VIEW ESTATES S125' N140' LOT 1
305392090	\$52.66	\$0.00	\$52.66	FIRST HALF	N100' OF W100' OF E2367' OF NE4 .23 AC SEC 10-17-16 (FORMERLY 305-39-030K) TOTAL VALUE OF OPERATING PROPERTY-GROUP 075 (ACC 0053195-8) (FORMERLY 305-39- 0550)
305110280	\$23.23	\$0.00	\$23.23	FIRST HALF	WELLSITE BNG W116.16' OF E1230.76' OF S125' OF SE4 SE4 .33 AC SEC 14-16-16 (ACC 0053195-8) TOTAL VALUE OF OPERATING PROPERTY - TAXPAYER GROUP NO 075
30508001D	\$13.37	\$0.00	\$13.37	FIRST HALF	S80' N131.31' W80' E1147.41' NE4 .15 AC SEC 8-16-16
30506004D	\$13.37	\$0.00	\$13.37	FIRST HALF	N CTRL PTN S2 SE4 .15 AC SEC 4- 16-16

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED
APR 03 2006
Z Corporation Commission
Director of Utilities

VERIFICATION

STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<u>Pima</u>
NAME (OWNER OR OFFICIAL) TITLE	
COMPANY NAME	<u>VAIL WATER COMPANY</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

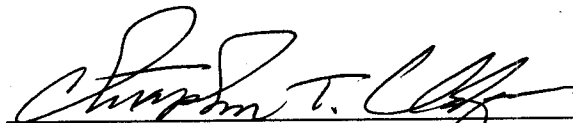
MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



SIGNATURE OF OWNER OR OFFICIAL

520-571-1958 x105

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

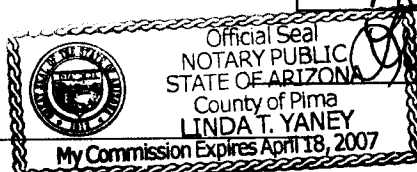
21st

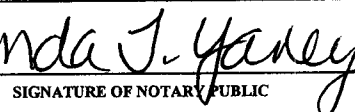
DAY OF

COUNTY NAME	<u>Pima</u>
MONTH	<u>March</u>
YEAR	<u>2006</u>

(SEAL)

MY COMMISSION EXPIRES




SIGNATURE OF NOTARY PUBLIC

Company Name VAIL WATER COMPANY, INC. YEAR ENDING 12/31/05

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>\$0</u>
Estimated or Actual Federal Tax Liability	<u>\$0</u>

State Taxable Income Reported	<u>\$0</u>
Estimated or Actual State Tax Liability	<u>\$0</u>

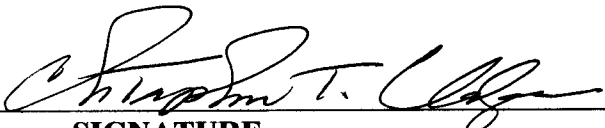
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>N/A</u>
Amount of Gross-Up Tax Collected	<u>N/A</u>
Total Grossed-Up Contributions/Advances	<u>N/A</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

3/21/06
DATE

CHRISTOPHER T. VOLPE
PRINTED NAME

Vice President
TITLE

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

RECEIVED

APR 03 2006

Corporation Commissic
Director of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Pima</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>CHRISTOPHER T. VOLPE, VICE PRESIDENT</u>
COMPANY NAME	<u>VAIL WATER COMPANY</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 2,810,005

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 96,547
IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

Christopher T. Volpe
SIGNATURE OF OWNER OR OFFICIAL
520 571-1958 x105
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

Linda T. Yaney

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

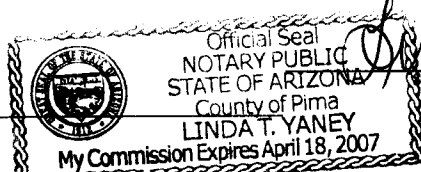
21st

DAY OF

COUNTY NAME	<u>Pima</u>
MONTH	<u>March</u>
	<u>2006</u>

(SEAL)

MY COMMISSION EXPIRES



Linda T. Yaney
SIGNATURE OF NOTARY PUBLIC

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

RECEIVED

APR 03 2006

Corporation Commission
Director of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

COUNTY OF (COUNTY NAME)	Pima	
NAME (OWNER OR OFFICIAL)	Christopher T. Volpe	TITLE Vice President
COMPANY NAME	VALE WATER COMPANY	

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

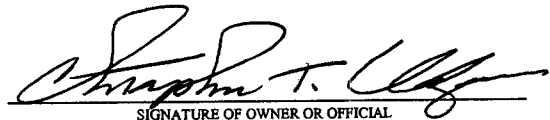
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 1,321,373

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 70,916
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.


SIGNATURE OF OWNER OR OFFICIAL

520-571-1958 x105

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

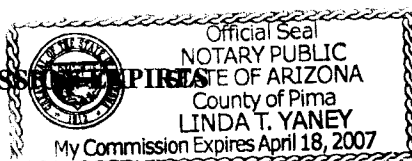
21st

DAY OF

NOTARY PUBLIC NAME	Linda T. Yaney	
COUNTY NAME	Pima	
MONTH	March	2006

(SEAL)

MY COMMISSION EXPIRES



X 
SIGNATURE OF NOTARY PUBLIC